



Washington State Senate

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Date Assigned 5/4/06

Assignee: Hunter Goodman

cc: Rob McKenna
CP-Shannon Smith

ATTORNEY GENERAL
OF WASHINGTON

2006 MAY -4 AM 7:33

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April 26, 2006

The Honorable Robert McKenna
Attorney General of Washington State
1125 Washington St SE
PO Box 40100
Olympia, WA 98504-0100

Dear Mr. McKenna:

With the recent spike in gasoline prices and the limited response by federal officials, I am calling upon your office to investigate charges of collusion and price gouging by oil companies with products in Washington State.

Since January 2006, the average increase in gas prices in the United State has outstripped increases in world oil market prices by one hundred percent. Washington State, with a twenty-nine percent increase in that 3 month period, has exceeded the average U.S. percentage. There are two factors which make Washington's increase particularly problematic.

First, Washington is a major reception point for oil from Alaska. Our daily intake of crude oil amounts to *24.2 million* gallons of crude oil. Since this oil arrives directly, transport and other costs associated in bringing crude to out of state facilities does not exist. Second, we have refining facilities in our state. Five refineries operate in our state with a capacity to process 576,000 barrels of crude oil *per day*. Of that total, sixty-one percent of the processed product remains in Washington. Again, we do not have the transportation costs to be added that many other states do.

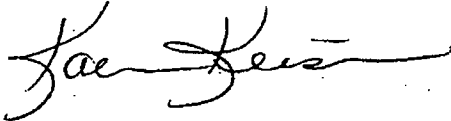
To emphasize the disparate increase in Washington gas prices, consider the same time frame in Idaho. This state has no facilities for the reception of crude oil and no refineries for processing crude. However, during the three month period starting January 2006, Idaho gas prices have only risen *seventeen percent*.

One other item of note: while the Federal government has stated part of the problem due to the changeover to fuels without MTBE's and a subsequent strain on ethanol supplies, this is not a factor in Washington State. As of this time, Washington has no ethanol requirement. There is no impact on our refineries; ethanol is added later as the fuel is loaded into tankers for transport. Montana does require ethanol content. Oddly enough,

the 3 month price increase in Montana has been twenty percent, two-thirds of the increase in our prices.

I urge you to investigate the pricing procedures in Washington State. The unbalanced percentage increases in gas prices, along with no apparent benefit of having in state production capacity, make this issue a top priority for the residents and economy of our state.

Sincerely,

A handwritten signature in cursive script, appearing to read "Karen Keiser".

Senator Karen Keiser
33rd Legislative District

KK/je



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